41. Are operator systems (i.e., GTE-provided Operator Services and Directory Assistance) separate network elements that GTE should be required to unbundle?

The parties have resolved this issue. **See** Attachment C (Stipulation Concerning Operator Systems).

The parties shall submit proposed rates for these elements no later than December 31, 1996. The proposal must include the underlying assumptions, rationale, and supporting workpapers and any other documentation on which the proposal is based.

42. What are the appropriate interconnection points for the transport and termination of traffic?

GTE offers the following types of network facility connection: (1) a mid-span fiber meet point within a GTE exchange area; (2) an end office; and (3) an access tandem.

AT&T's position is that it must be permitted to design its network architecture and specify the interconnection points and trunking arrangements, including the ability to interconnect at the GTE end offices and access tandems that AT&T deems most appropriate. This should include the ability to use two-way trunk groups and mix traffic on those trunk groups. If GTE denies a request for a particular method of obtaining interconnection, GTE should be required to prove to the state commission that the requested method is not technically feasible. AT&T cites § 251(c)(2) and FCC Reg. § 51.321.

The parties have reached agreement on interconnection points. **See** Attachment C (Stipulation Concerning Interconnection Points for the Transport and Termination of Traffic). To the extent the parties have not agreed, the Commission finds that GTE should provide interconnection at the following points: (1) the line-side of the local switch; (2) the trunk-side

of the local switch; (3) the trunk interconnection points for a tandem switch; (4) central office cross-connect points; (5) out-of-band signaling transfer points; and (6) the points of access to unbundled elements.

The parties shall submit proposed rates for provisioning interconnection for transport and termination no later than December 31, 1996. The proposal must include the underlying assumptions, rationale, and supporting workpapers and any other documentation on which the proposal is based.

43. Should GTE be required to provide tandem-to-tandem switching for the purpose of terminating AT&T local and intraLATA traffic?

GTE agrees to provide inter-tandem switching only when AT&T has entered into one of the existing intraLATA toll compensation mechanisms (e.g., ITAC), or when signaling and AMA record standards support the recognition of multiple-tandem switching events.

AT&T argues that it should be permitted to switch traffic tandem-to-tandem on GTE's network. AT&T states that tandem switching unbundling is technically feasible and required by the Order. FCC Order ¶ 425.

The Commission finds that inter-tandem switching is technically feasible and required by the FCC. In its Order at ¶ 425 the FCC found "that the availability of unbundled tandem switching will ensure that competitors can deploy their own interoffice facilities and connect them to ILEC's tandem switches where it is efficient to do so." The Commission's findings in issue 42 may result in GTE's being required to provide tandem-to-tandem switching.

The parties shall submit proposed rates for tandem-to-tandem switching no later than December 31, 1996. The proposal must include the

underlying assumptions, rationale, and supporting workpapers and any other documentation on which the proposal is based.

44. How should the cost of access to OSS be recovered?

GTE believes that AT&T should pay the cost of access to OSS, because AT&T is the cost-causer. GTE argues that all its costs must be covered pursuant to the Act and that it should not be compelled to pay for OSS access changes made to accommodate AT&T.

AT&T's position is that GTE is required to provide competing carriers with nondiscriminatory access to OSS functions under just, reasonable and nondiscriminatory terms. AT&T argues that the costs associated with OSS interfaces should be recovered on a competitively neutral basis, citing § 251(c) and FCC Order ¶¶ 516-517.

OPC agrees with AT&T that the costs for providing access to OSS should be recovered on a competitively neutral basis.

The Commission agrees with AT&T that these costs should be recovered on a competitively neutral basis. The parties shall submit proposed rates for recovery of OSS costs no later than December 31, 1996. The proposal must include the underlying assumptions, rationale, and supporting workpapers and any other documentation on which the proposal is based.

45. Should GTE be required to provide AT&T access to OSS systems through electronic interfaces?

See Issue 47, ***infra***.

46. On what basis should OSS electronic interfaces be implemented?

See Issue 47, ***infra***.

47. Should AT&T have access to OSS processes through electronic interfaces for unbundled elements?

The parties have agreed that GTE will provide access via electronic interfaces and implementation will be in three phases. Phase I involves the intervention of GTE customer representatives in the ordering and provision process; Phase II involves two-way electronic interfaces; Phase III involves fully interactive electronic interfaces.

The Commission finds that GTE should provide OSS access via electronic interface using the schedule proposed by AT&T, and that costs should be recovered on a competitively neutral basis from all LSPs and GTE. GTE shall track the costs it incurs in implementing the electronic interface and prepare proposed rates for this service to be submitted to the Commission once the interface is operative. The proposal must include the underlying assumptions, rationale, and supporting workpapers and any other documentation on which the proposal is based. GTE shall also provide cost data to AT&T and AT&T may submit proposed rates as well.

48. What methods of interim number portability should GTE be required to provide?

GTE's position is that it will provide interim number portability through remote call forwarding and direct inward dialing. GTE asserts that LERG Reassignment would accelerate number exhaustion and is not practical for that reason. GTE argues that the route indexing solutions proposed by AT&T are technically infeasible. GTE also argues that, since a permanent number portability solution is currently being sought, interim route indexing solutions could be obsolete before they have proven useful, resulting in a waste of resources.

AT&T argues that GTE should provide interim number portability through three distinct, technically feasible options: (i) remote call

forwarding (RCF); (ii) LERG Reassignment; and (iii) route indexing (RI). AT&T argues that it needs all three options in order to meet the needs of its distinctive customer segments.

OPC believes this issue to be resolved.

Technical feasibility: GTE contends that DN-RI (Directory Number-Route Index) and RI-PH (Route Index-Portability Hub) are not technically feasible. AT&T's witness cited examples where DN-RI and RI-PH are currently operational: US West has DN-RI tariffed in Oregon, BellSouth will offer DN-RI and RI-PH in all the states where AT&T will operate as a CLEC, and GTE itself has tariffed DN-RI in Oregon. GTE has not offered evidence to demonstrate the technical infeasibility of the route index solutions. Both parties admit that DN-RI and RI-PH have some advantages over RCF and DID, particularly for business customers.

Premature Obsolescence: It is true that implementation of long term local number portability solutions must be completed by carriers during the 1st quarter of 1998 in the St. Louis metropolitan area, and during the 2nd quarter of 1998 in the Kansas City metropolitan area. **See *In the Matter of Telephone Number Portability***, Docket 95-116, Order adopted June 27, 1996. However, there is every reason to believe that implementation of a permanent NP solution will not be as rapid in the less urban areas that form a significant part of GTE's service area.

The Commission finds that the provision of multiple INP solutions is in the public interest and that the route indexing solutions proposed by AT&T are technically feasible. Therefore, the Commission finds that GTE should provide AT&T's requested route indexing solutions, in addition to RCF and DID. GTE shall also provide LERG reassignment at the NXX level.

49. When and in what circumstances should collocation be permitted?

GTE's position is that AT&T should be permitted to collocate at central offices, service wire centers and tandem switches. GTE objects to collocation at vaults or manholes, and at remote units unless a given unit offers routing or rating capability and has sufficient space. GTE believes that it may legitimately require the implementation of reasonable security measures to protect equipment and facilities of GTE and other collocators.

AT&T does not dispute GTE's right to implement reasonable security measures; however, GTE can not use such measures to unreasonably limit the use by AT&T of the collocated space, citing § 251(c)(6)and FCC Reg. § 51.323.

The Act requires incumbent LECs to provide collocation "on rates, terms, and conditions that are just, reasonable, and nondiscriminatory." § 251(c)(6). The Commission therefore finds that GTE should provide collocation at GTE's proposed central offices, serving wire centers and tandem switches; and at CEVs (controlled environmental vaults), huts and cabinets. GTE shall provide collocation as follows: physical collocation must be provided on a first-come, first-served basis, provided there is space available for collocation and reasonable security arrangements. If space is not available, GTE must provide virtual collocation. GTE and AT&T shall adhere to reasonable industry standard security measures, applied on a nondiscriminatory basis.

50. What types of telecommunications equipment may be collocated on GTE's premises?

GTE's position is that AT&T should be permitted to collocate only the equipment necessary for interconnection or access to unbundled network elements. This would include transmission equipment for termination,

concentration equipment and multiplexing equipment. Switching equipment, enhanced services equipment and customer premises equipment should not be allowed. GTE argued that space, security and the need for additional power supply make collocation of switching equipment infeasible.

AT&T argues that GTE must permit the collocation of any type of equipment used for interconnection or access to unbundled network elements, citing to § 251(c), FCC Order ¶ 581, and FCC Reg. § 51.323(b). Specifically, AT&T wishes to collocate remote switching modules (RSMs).

GTE has not presented convincing evidence to support its position. Space limitation is not a debatable issue; the Act already provides that physical collocation is subject to space availability. § 251(c)(6). In many instances RSMs occupy less space than transmission and multiplexing equipment. In many GTE central offices there are large amounts of unused space where old electromechanical switches have been replaced with more modern equipment. As to power supply, AT&T has agreed to pay for any additional power supply their equipment requires and to pay for any modifications necessary to GTE's existing equipment.

The Commission finds that GTE shall provide collocation to AT&T for equipment used for interconnection or access to unbundled network elements. Equipment used for interconnection and access to unbundled network elements shall include, but is not limited to: (1) transmission equipment such as optical terminating equipment and multiplexers; and (2) equipment used to terminate basic transmission facilities pursuant to the FCC's expanded interconnection requirements. Where space permits, GTE shall allow AT&T to locate remote switching module equipment in dedicated space within GTE's central office premises, for the purpose of accessing unbundled network elements or for network interconnection.

51. Should GTE be required to provide interconnection between carriers at cost-based rates when those carriers are both collocated at a GTE premise?

GTE's position is that it will provide this connection through the purchase of a GTE unbundled network element.

AT&T argues that GTE must permit interconnection between collocating telecommunications carriers on its premises, citing FCC Reg. §51.323(h).

The Commission finds that GTE should permit interconnection between collocating telecommunications carriers on its premises. Where GTE provides the facilities for interconnection those facilities shall be priced at rates consistent with TELRIC costing principles. The parties shall submit proposed rates for these elements no later than December 31, 1996. The proposal must include the underlying assumptions, rationale, and supporting workpapers and any other documentation on which the proposal is based.

52. What limits, if any, may GTE impose upon the use of the collocated space?

GTE believes AT&T should be permitted to collocate only equipment that is necessary for interconnection or access to unbundled network elements. This would include transmission equipment for termination, concentration equipment and multiplexing equipment. Switching equipment, enhanced services equipment and customer premises equipment should not be allowed.

AT&T believes that there should be no limitations on its use of collocated space, with the exception of reasonable security requirements, citing FCC Order ¶ 581 and FCC Reg. § 51.323(i).

See the Commission's findings on Issue 50. The only acceptable restrictions are those based on space availability and reasonable security requirements, applied on a competitively neutral, nondiscriminatory basis.

53. Does GTE have the right to reserve space for its own use or deny access for space reasons?

GTE's position is that ILECs have the right to reasonably reserve space for their own use. GTE believes a five-year planning horizon for reservation of space is just and reasonable.

AT&T argues that GTE's insistence on retaining space for itself, based on a five-year planning horizon, renders processes for ordering and provisioning collocated space meaningless, citing § 251(c)(6); FCC Order ¶ 604, and FCC Reg. § 51.323(a) and (f).

In its Order at 604 the FCC states that "ILECs may not, however, reserve space for future use on terms more favorable than those that apply to other telecommunications carriers seeking to hold collocation space for their own future use." GTE is required by the Act to provide collocation on just, reasonable and nondiscriminatory terms and conditions. It would be inappropriate to allow GTE to allocate future space on terms and conditions that are not at parity with other collocating telecommunications carriers. The Commission finds that GTE may not reserve space for itself for future use on terms and conditions more favorable than those it applies to other collocating carriers wishing to hold space for future use.

54. Should GTE be required to make additional capacity available to AT&T for collocation if GTE does not have current space available? If so, in what time frame should GTE make such capacity available?

GTE's position is that nothing in the Act requires it to purchase additional plant in order to respond to a collocation request. GTE states that it will determine the timing of adding capacity to its facilities

based on its own growth needs. Once it has been determined that additional capacity is required, GTE will factor in collocation forecasts in planning how much capacity should be added.

AT&T's position is that GTE should not be excused from offering physical collocation unless there is no practical way of offering additional space by breaking into contiguous space, taking AT&T needs into account when planning renovations of existing space, leasing additional space, or relinquishing space held for "future use." **See** FCC Order ¶¶ 585, 605; FCC Reg. § 51.323(a) and (f).

The FCC Order, ¶ 585, states that "collocators seeking to expand their collocated space should be allowed to use contiguous space where available." The FCC Order also requires ILECs to take collocator demand into account when renovating existing facilities and constructing or leasing new facilities. GTE is not required by the Order to construct additional space when none is available. However, the Commission finds that GTE shall offer physical collocation whenever possible, including making contiguous space available to collocators where available. GTE shall also take collocator demand into account when renovating existing facilities and constructing or leasing new facilities. The Commission finds that GTE may not establish a discriminatory policy of reserving space for future use.

55. Should AT&T have access to GTE's poles, ducts, conduits and rights-of-way at parity with GTE?

GTE's position is that the requirement of nondiscriminatory access does not mean that GTE as an owner of poles and conduits must be relegated to the status of a mere licensee. Rather, nondiscriminatory access

requires that an owner of poles or conduits treat equally all companies seeking access.

AT&T argues that GTE should be required to make conduits, ducts, pole attachments, and rights-of-way available to AT&T on a basis at least equal to which GTE provides itself. AT&T states that the FCC has adopted AT&T's interpretation of "nondiscriminatory" access and cites to § 224(f) and FCC Order ¶ 1157.

The Commission finds that the Act and the Order clearly require a utility to provide access that does not favor itself over the new entrant. Nondiscriminatory access means more than requiring the ILEC to treat all new entrants equally, as is made clear by § 224(g), which requires a utility to impute to itself a pole attachment rate equal to what it would charge a nonaffiliated entity.

56. Does the term "rights-of-way" in Act section 224 include all possible pathways for communicating with the end user?

AT&T and GTE have agreed that, to the extent that GTE owns or controls any path to the customer, GTE will provide access to that path to AT&T.

The Commission finds that GTE shall provide nondiscriminatory access to poles, ducts and conduit systems as they have agreed. GTE shall provide nondiscriminatory access to rights-of-way containing controlled environmental vaults, huts, cabinets and similar structures. GTE may not restrict AT&T's ability to construct, maintain and monitor its facilities at these sites to any greater extent than GTE restricts its own ability to construct, maintain, and monitor the same facilities.

57. May GTE reserve space for its future use on/in its poles, ducts, conduits and rights-of-way?

GTE claims that it has special service obligations as the provider of last resort to be able to serve new customers readily; therefore, it must always have reserve capacity. GTE also argues that precluding GTE from reserving space for its own future needs is inconsistent with § 224(f)(1), which applies the nondiscrimination requirement only to those for whom access must be "provided," not to the owner, whose "access" is synonymous with its ownership right. GTE believes that the lack of ability to reserve space, coupled with the existing access rate requirements, effect a "taking" of GTE's property in violation of the Fifth Amendment of the U.S. Constitution.

AT&T does not dispute GTE's ownership rights and is willing to pay a fair rent for the occupation of these structures, but argues that GTE must make conduits, ducts, pole attachments and rights-of-way available to AT&T on a basis that is at least equal to that which GTE provides for itself, citing FCC Order ¶ 1157. AT&T argues that GTE discriminates when it reserves capacity for its own use to the exclusion of others. **See**, § 224(f)(1); FCC Order ¶¶ 1123, 1170.

The Commission agrees with AT&T's interpretation on this issue. The Act and the Order clearly prevent a utility from using its status as owner of facilities to impede competition. The FCC Order, at ¶ 1170, states that allowing a pole or conduit owner to favor itself or its affiliate would nullify the nondiscrimination that Congress required. The Commission finds that GTE should not be allowed to reserve capacity for its own use. Discrimination with regard to access to ILEC poles, ducts, conduits and rights-of-way is prohibited.

58. Should GTE be required to make additional capacity available to AT&T for poles, ducts, conduits and ROWS (rights-of-way) if GTE does not have spare capacity? If so, should GTE provide additional capacity within a reasonable time frame?

GTE's response to this issue is the same as its response to Issue 54 regarding the provision of additional collocation capacity. GTE believes it should not have an obligation to expand capacity for AT&T.

AT&T's position is that the Act and the Order require GTE to expand capacity when none is available, citing to § 224(f)(1) and FCC Order ¶¶ 1157, 1161-1164 and 1170.

The Commission finds that GTE must take all reasonable steps to accommodate requests for access where such access would require expansion of capacity.

59. What should the term of the agreement be?

GTE proposes that the Agreement extend for two years at most. GTE believes a two-year term is appropriate because the parties can negotiate new or different terms and conditions based on experience in the new competitive market. GTE also argues that shorter-term agreements are procompetitive, especially in a rapidly changing market.

AT&T proposes that the interconnection agreement be binding for five years with a provision for prices to be reopened after three years. AT&T argues that it is unreasonable to expect a renegotiation after only two years and that the Bona Fide Request, New Services process, and ADR process included in its proposed agreement provide sufficient flexibility for changed conditions over a five-year term on non-price matters.

The Commission finds that, given the dynamic nature of the telecommunications industry, the appeal of the FCC Order, and pending

access and universal service reform proceedings, a five-year term for this agreement may be too long. Therefore, the Commission determines that an appropriate term for the agreement is two years. The agreement should include a provision for automatic renewal for an additional two-year term, unless one party gives 90 days written notice of a wish to terminate. The parties should submit an agreement for approval which contains such a provision.

60. Should the agreement be implemented without impairing GTE's right to file tariffs in the normal course of business?

The parties are in agreement that GTE's right to file tariffs in the normal course of business should not be impaired as a result of this agreement. There is no dispute for Commission resolution.

61. Should the agreement provide for an accelerated dispute resolution procedure in cases of "service affecting" disputes?

Both parties' proposed agreements include measures for accelerated dispute resolution. GTE's agreement provides for negotiation between the parties to resolve disputes, allows for mediation, and refers unresolved disputes to binding arbitration for resolution. AT&T's agreement provides a dispute resolution process, including arbitration, while permitting a party to seek a Commission or FCC determination in appropriate circumstances. In addition, AT&T has proposed expedited procedures for "service-affecting" disputes.

OPC believes the interconnection agreement should include a dispute resolution mechanism in order to avoid interference with customer service and assure a high quality of services. OPC argues that disputes over problems could deprive customers of service, or quality of service, cause competition to fail and violate the public interest.

The Commission finds that it is in the public interest for disputes that directly affect a customer's service to be resolved on an expedited basis. The parties shall submit an agreement that includes an expedited dispute resolution process for problems that affect customer service. The agreement shall also contain an alternative dispute resolution process for solving controversies that arise around the other terms and conditions, or interpretations of terms and conditions, of the interconnection agreement.

62. Should the agreement provide for a "Most Favored Nations" clause?

GTE does not favor such a clause. GTE argues that each agreement negotiated is a process of give and take. A party desiring to obtain the terms of another agreement must abide by the entire agreement. Otherwise, the Act's provisions encouraging negotiations would be meaningless.

AT&T's position is that GTE is required to make available to AT&T, without unreasonable delay, any more favorable terms for individual services, network elements, and interconnection which GTE offers to others. FCC Reg. § 51.809; FCC Order ¶¶ 1310, 1316; Act 251(i).

The Commission finds that there is no need to rule on this issue because of the 8th Circuit Court of Appeals' stay of the "pick and choose" provision of the FCC Order. (The "pick and choose" rule provision refers to Appendix B-Final Rules §§ 51.809 of the FCC Order.)

63. Should the agreement provide for a Bona Fide Request Process?

The parties have agreed to include a bona fide request process. **See** Attachment C (Stipulation Concerning Sub-loop Unbundling (Loop Concentrator/Multiplexer); Stipulation Concerning Sub-loop Unbundling (Loop Feeder). The parties shall submit an agreement for approval that includes the specifics for processing a bona fide request.

64. Should GTE be required to accept financial responsibility for uncollectible and/or unbillable revenues resulting from GTE work errors, software alterations, or unauthorized attachments to local loop facilities?

GTE's position is that when GTE makes its network or services available to CLECs, it will apply the same standards of care that it applies to itself for the provision of services to its own retail customers. GTE should not be required to insure collection of all revenues lost as a result of alleged failures in the GTE network or systems. The rates and cost studies presented by GTE do not include the cost of insuring against AT&T's risk of doing business.

AT&T argues that GTE should be required to accept responsibility for its actions or lack of action by accepting financial responsibility for uncollectible or unbillable revenues caused by GTE work errors, accidental or malicious alterations of software, or unauthorized attachments to local loop facilities.

The Commission finds that reciprocal responsibility between AT&T and GTE is appropriate and is in the public interest. For this purpose the Commission approves the provisions of AT&T's revised proposed Interconnection Agreement, I(5) Liability and Indemnity.

65. To the extent not otherwise specifically resolved herein, what terms and conditions should be included in the agreement adopted in this arbitration proceeding?

This "issue" is too vague tc present a question for Commission determination.

66. Should the agreement impose material and reciprocal obligations upon both parties with respect to matters other than reciprocal compensation arrangements for transport and termination?

GTE believes that unspecified "reciprocal arrangements" will promote competition. AT&T argues that GTE's request to impose reciprocal

obligations on AT&T is inappropriate and outside the scope of this arbitration because the obligations at issue are those of an Incumbent LEC under Section 251 of the Act. § 251(c), FCC Order ¶¶ 10, 15, 155, 220, 997, 1231.

The parties have not articulated a comprehensible issue here. If it is GTE's position that the duties imposed upon GTE by the Act should also be imposed upon AT&T, then GTE would be required to produce evidence demonstrating the reasons for such an imposition. The parties could, by agreement, expand upon the obligations each would undertake in addition to those specifically ordered in the Act. However, the Act specifies duties for incumbent LECs and specifies different duties for competitive LECs. The Commission is not inclined to rewrite the language of this federal legislation by imposing involuntary duties in a manner not contemplated by the Act.

67. Should GTE be required to provide billing and usage recording services for resold services, interconnection and unbundled elements, and if so, what terms and conditions apply to such services?

AT&T and GTE are agreed that GTE should provide billing and usage recording services for resold services, interconnection and unbundled elements. The parties should be able to present to the Commission mutually agreed-upon processes satisfactory to both companies when they file an agreement in compliance with this arbitration order.

68. If GTE is required to provide the services identified in Issue 67, how should the costs of providing these services be recovered, and from whom?

GTE has argued that AT&T is the cost-causer and therefore should pay all the costs associated with providing billing and usage recording functions. AT&T's position is that GTE should recover its costs in a competitively neutral manner. Citing to § 251(c)(3) and (4) and FCC Order

¶¶ 516-517, AT&T argues that GTE may not impose the entire cost of providing these services on AT&T alone.

The costs of providing billing and usage recording functions and other Operations Support Services should be recovered in a competitively neutral, nondiscriminatory manner from all competitive LSPs and GTE. GTE's proposal to require AT&T to bear the full cost of developing these services violates § 251(c)(2)(D) which requires that unbundled elements be provided on "rates, terms, and conditions, that are just, reasonable, and nondiscriminatory."

GTE shall track its costs and the parties shall submit proposed rates for these functions once a billing and usage recording system is operative. The proposal must include the underlying assumptions, rationale, and supporting workpapers and any other documentation on which the proposal is based.

Conclusions of Law

The Missouri Public Service Commission has arrived at the following conclusions of law.

The parties to this case are public utilities subject to the jurisdiction of the Missouri Public Service Commission under Chapters 386 and 392 Revised Statutes of Missouri, 1994.

The Commission has jurisdiction to resolve this case by means of arbitration under § 252 of the Federal Telecommunications Act of 1996. The Commission must conclude the resolution of the issues no later than nine months after the date on which the local exchange carrier received the request for interconnection, in this case no later than December 12, 1996. § 252(b)(4)(C). The Commission must ensure that the arbitrated agreement meets the requirements of § 251 of the Act, meets the pricing standards of

§ 252(d) and establishes an implementation schedule for the terms and conditions as required by § 252(c).

Based upon its findings of facts, the Commission determines that the proposed interconnection agreements submitted by the parties should be rejected and the parties should be ordered to submit to the Commission for approval a completed agreement in compliance with the findings contained in this Arbitration Order and the attached rate schedules.

IT IS THEREFORE ORDERED:

1. That Exhibits 56, 57, 58, and 59 are received into evidence.

2. That the stipulations included in Attachment C to this order are approved.

3. That the proposed interconnection agreements submitted in this case by AT&T Communications of the Southwest, Inc. and by GTE Midwest Incorporated are rejected.

4. That the rate schedules attached to this Arbitration Order as Attachments A and B shall be the approved rates for all the elements and services listed therein.

5. That the parties shall prepare and submit to the Commission for approval an interconnection agreement reflecting the Commission's findings embodied in this Arbitration Order and the rates embodied in Attachments A and B.

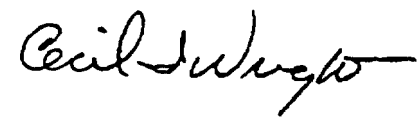
6. That the agreement described in Ordered Paragraph 5 shall be submitted to the Commission no later than thirty (30) days after the effective date of this Arbitration Order.

7. That the parties shall submit to this Commission their proposed rates as described in Issues 7, 33, 34, 38, 39, 41, 42, 43, 44 and 51 no later than December 31, 1996.

8. That the parties shall comply with the Commission's finding on each and every issue.

9. That this Arbitration Order shall become effective on the date hereof.

BY THE COMMISSION



Cecil I. Wright
Executive Secretary

(S E A L)

Zobrist, Chm., Kincheloe and
Drainer, CC., concur.
McClure, C., concurs, with
concurring opinion to follow.
Crumpton, C., concurs, with
concurring opinion to follow.

Dated at Jefferson City, Missouri,
on this 10th day of December, 1996.

GLOSSARY

Act	-	The Telecommunications Act of 1996
ADR	-	alternative dispute resolution
AIN	-	advanced intelligent network
AT&T	-	AT&T Communications of the Southwest, Inc.
CATV	-	cable television
CEV	-	controlled environmental vault
CLEC	-	competitive local exchange company
COCOT	-	customer owned coin operated telephone
DA	-	directory assistance
DID	-	Direct Inward Dialing
DN-RI	-	directory number-route index
FCC	-	Federal Communications Commission
GTE	-	GTE Midwest Incorporated
ICB	-	individual case basis
ILEC	-	incumbent local exchange company
INP	-	interim number portability
IXC	-	interexchange carrier
LERG	-	Local Exchange Routing Guide
LIDB	-	Line Information Data Base
LSP	-	local service provider
MDF	-	main distribution frame
NID	-	network interface device
NP	-	number portability
NRC	-	nonrecurring charges
OC	-	optical carrier
OPC	-	Office of the Public Counsel

OS	-	operator services
OSS	-	operations support system
PIC	-	primary interexchange carrier
RCF	-	remote call forwarding
RI	-	route indexing
RI-PH	-	route indexing-portability hub
ROWS	-	rights-of-way
RSM	-	remote switching module
SAG	-	street address guide
SCP	-	service control points
SS7	-	Signaling System 7
STP	-	signal transfer point
TELRIC	-	total element long-run incremental cost

Resale Cost Study for GTE

	Costs:	Total Missouri Regulated	% Avoided	GTE Avoided
	Direct:	($000)		
6611	Product Management	1709.21	90%	1538.29
6612	Sales	4196.87	90%	3777.18
6613	Product Advertising	1501.33	90%	1351.19
6621	Call Completion services	4097.93	100%	4097.93
6622	Number Services	3190.47	100%	3190.47
6623	Customer Services	14390.65	90%	12951.58
	Indirect:			
5301	Uncollectible Revenue	6370.01	14.36%	915.03
6112	Motor Vehicle Exp	605.42	0.00%	0.00
6113	Aircraft Exp	283.80	0.00%	0.00
6114	Spec Purpose Vehicle	0.01	0.00%	0.00
6115	Garage Work Equipment	44.39	0.00%	0.00
6116	Other Work Equipment	113.43	0.00%	0.00
6121	Land & Buld Exp	4239.76	14.36%	609.03
6122	Furniture & Artwork	660.27	14.36%	94.85
6123	Office Exp	841.80	14.36%	120.92
6124	Gen Purpose Computers	13686.92	14.36%	1966.08
6211	Analog Electronic Exp	308.63	0.00%	0.00
6212	Digital Electronic Exp	10392.15	0.00%	0.00
6215	Electro-mech Exp.	1673.48	0.00%	0.00
6220	Operators Exp	1824.03	0.00%	0.00
6231	Radio System Exp.	40.19	0.00%	0.00
6232	Circuit System Exp.	1141.49	0.00%	0.00
6311	Station Apparatus Exp.	0.00	0.00%	0.00
6341	Lg PBX /Exp.	0.00	0.00%	0.00
6351	Public Tel Term Eq Exp.	454.36	0.00%	0.00
6362	Other Terminal Eq Exp.	462.46	0.00%	0.00
6411	Poles Exp	1189.31	0.00%	0.00
6421	Aerial Cable Exp.	4745.61	0.00%	0.00
6422	Underground Cable Exp.	6518.79	0.00%	0.00
6423	Buried Cable Exp.	9908.41	0.00%	0.00
6424	Submarine Cable Exp.	0.00	0.00%	0.00
6425	Deep Sea Cable Exp.	0.00	0.00%	0.00
6426	Intrabuilding Network Cable Exp.	0.00	0.00%	0.00
6431	Aerial Wire Exp.	62.02	0.00%	0.00
6441	Conduit Systems Exp.	6.52	0.00%	0.00
6511	Telecomm Use Exp.	0.00	0.00%	0.00
6512	Provisioning Exp.	526.32	0.00%	0.00
6531	Power Exp.	1495.69	0.00%	0.00
6532	Network Admin Exp.	4406.40	0.00%	0.00
6533	Testing Exp.	2706.39	0.00%	0.00
6534	Plant Operations Admin	4548.39	0.00%	0.00
6535	Engineering Exp.	2180.96	0.00%	0.00
6540	Access Exp.	11837.98	0.00%	0.00
6561	Depreciation Telecom plant in Service	60901.77	0.00%	0.00
6562	Depreciation Future Telecom Use Plant	0.00	0.00%	0.00
6563	Amortization Exp - Tangible	187.54	0.00%	0.00
6564	Amortization Exp - Intangible	0.00	0.00%	0.00
6565	Amortization Exp - Other	0.00	0.00%	0.00
6711	Executive	738.52	14.36%	106.09
6712	Planning	732.94	14.36%	105.28
6721	Accounting & Finance	3383.52	14.36%	486.03
6722	External Relations	2279.80	14.36%	327.49
6723	Human Resources	3111.84	14.36%	447.01
6724	Information Management	17438.73	14.36%	2505.02
6725	Legal	520.75	14.36%	74.80
6726	Procurement	541.72	14.36%	77.82
6727	Research and Development	1027.52	14.36%	147.60
6728	Other Gen & Admin	3171.20	14.36%	455.53
	Total	216397.72		35345.23

Revenues:	Missouri:		Included:
Local Service	73588.14	100%	73588.14
Toll Network Service	57675.16	100%	57675.16
Network Access Service	74906.43	100%	74906.43
Miscellaneous	11847.63	100%	11847.63
Total	218017.36		218017.36

Resale Percentage Discount on Revenue (Full Profit Retained):

% of Resold Services Revenue (Local & Toll Network Service)	26.93%
If bad debt fully excluded	31.08%

Attachment A

Summary of PSC Modified Monthly Recurring Costs
For GTE of the Midwest Inc.

	Geographic Zone 1	Geographic Zone 2	Geographic Zone 3	Geographic Zone 4	Weighted Avg. Rate
Unbundled Loops					
2-Wire 8dB Loop	$14.71	$16.41	$27.12	$36.31	$22.12
4-Wire 8dB Loop	$21.69	$24.20	$40.00	$53.55	$32.62
ISDN-BRI	$28.12	$31.37	$51.84	$69.41	$42.28
Cross Connects					
2-Wire		$0.31			
4-Wire		$0.62			
DS-1		$3.95			
Local Switching					
Per Originating or Terminating MOU		$0.002591			
Port Charges per Month					
Analog Port		$1.86			
DS-1 Port		$67.72			
Tandem Switching					
Per MOU		$0.001440			
Interoffice Transport					
Shared Transport					
Common Transport	Interstate Direct Trunked Transport Rates				
Direct Trunked Transport					
DS-0 Equivelant	$3.73				
Voice Facility per ALM	Interstate Dedicated Switched Tranport				
DS1 Facility	Interstate Dedicated Switched Tranport				
DS1 Per Termination	Interstate Dedicated Switched Tranport				
DS3 Per Termination	Interstate Dedicated Switched Tranport				
Database and Signalling Systems					
Signalling Links and STP					
56 Kbps Links	Corresponding Interstate Rate				
DS-1 Link	$22.44 per month				
Signal Tansfer Point (STP)					
Port Termination	Corresponding Interstate Rate				
Signal Transfer Point per Message	$.00064 per signalling message				
Signal Control Point per Message	$.00108 per signalling message				
Call Related Databases					
Line Information Database					
ABS queries	$0.00108 per signalling message				
Transport (ABS queries)	$0.00108 per signalling message				
Toll Free Calling Databases					
DB800 Queries	$0.00108 per signalling message				
Dark Fiber					
Buried Fiber, per fiber, per foot	need cost study				
Underground Fiber, per fiber, per foot	need cost study				
Operator Services					
All service types - per line, per month	$0.289				

Summary of PSC Modified Non-Recurring Costs
For GTE of the Midwest Inc.

Unbundled Element	Non-Recurring Charge
Local Loop	$29.18
Switch Port	$15.77

Attachment B

10:20 AM, 12/09/96

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

In the Matter of AT&T Communications of the Southwest, Inc.'s Petition for Arbitration Pursuant to Section 252(b) of the Tele-Communications Act of 1996 to Establish an Interconnection Agreement Between AT&T and GTE Midwest Incorporated.	))))))	Case No. TO-97-63

STIPULATION CONCERNING LOOP TESTING

FIRST REVISED ISSUES MEMORANDUM **ISSUE(S): 25**

STIPULATING PARTIES: GTE and AT&T

STATEMENT OF AGREEMENT: With respect to certain issues related to loop testing raised in this proceeding, it is hereby agreed that:

When an unbundled loop, purchased by AT&T from GTE, requires conditioning (upgrading) due to a customer's request to provide ISDN or service other than voice grade service, GTE will test the loop after conditioning and will provide the results of those tests to AT&T. When AT&T provides its own switching, it will test unbundled loops. If there is a maintenance problem on an unbundled loop, AT&T will report the problem to GTE and GTE will be responsible for the repair of the loop. To the extent that GTE tests the loop and records the test results, GTE will proactively provide the test results to AT&T.

GTE agrees that in any circumstance where GTE would perform loop testing procedures and would record the results of those loop tests on a loop provided to AT&T by GTE as part of a resale service, GTE will proactively provide the results of this testing procedure to AT&T.

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